

AMENDED IN SENATE JANUARY 3, 2000

AMENDED IN SENATE JUNE 23, 1999

AMENDED IN SENATE MAY 18, 1999

AMENDED IN SENATE MAY 6, 1999

SENATE BILL

No. 1293

Introduced by Senator Chesbro
(Coauthor: Senator Peace)

February 26, 1999

An act to amend Sections 24410 and 25139 of, and to amend the heading of Article 2 (commencing with Section 25120) of Chapter 17 of Part 11 of Division 2 of, the Revenue and Taxation Code, relating to taxation; Section 13340 of the Government Code, relating to fiscal affairs, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1293, as amended, Chesbro. ~~Bank and corporation taxes~~ Continuously appropriated funds: vehicle license fees.

Under existing law, after July 1, 2000, no money in a fund that is continuously appropriated pursuant to any statute other than a Budget Act may be encumbered unless the Legislature specifies by statute that the moneys are appropriated for encumbrance. These provisions are subject to certain exceptions, including, among others, moneys deposited in specified funds.

This bill would add to those exceptions the scheduled disbursement of any motor vehicle license fee revenues to local government entities pursuant to the Vehicle License Fee Law. By permitting these disbursements on a continuous basis, this bill would make an appropriation.

This bill would declare that it is to take effect immediately as an urgency statute.

~~The Bank and Corporation Tax Law includes, among other provisions, the Uniform Division of Income for Tax Purposes Act.~~

~~This bill would change that title to the Uniform Division of Income for Purposes of Taxation Act, and would make a conforming change to other bank and corporation tax provisions.~~

Vote: ~~majority~~ $\frac{2}{3}$. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 24410 of the Revenue and~~

2 *SECTION 1. Section 13340 of the Government Code*
3 *is amended to read:*

4 13340. (a) Except as provided in subdivision (b), on
5 and after July 1, 2000, no moneys in ~~that~~ a fund that, by
6 any statute other than a Budget Act, is continuously
7 appropriated without regard to fiscal years, may be
8 encumbered unless the Legislature, by statute, specifies
9 that the moneys in the fund are appropriated for
10 encumbrance.

11 (b) Subdivision (a) does not apply to any of the
12 following:

13 (1) The scheduled disbursement of any local sales and
14 use tax proceeds to an entity of local government
15 pursuant to Part 1.5 (commencing with Section 7200) of
16 Division 2 of the Revenue and Taxation Code.

17 (2) The scheduled disbursement of any transactions
18 and use tax proceeds to an entity of local government
19 pursuant to Part 1.6 (commencing with Section 7251) of
20 Division 2 of the Revenue and Taxation Code.

(3) The scheduled disbursement of any funds by a state or local agency or department that issues bonds and administers related programs for which funds are continuously appropriated as of June 30, 2000.

(4) Moneys that are deposited in proprietary or fiduciary funds of the California State University and that are continuously appropriated without regard to fiscal years.

(5) *The scheduled disbursement of any motor vehicle license fee revenues, including the General Fund appropriations made pursuant to Sections 11000 and 11000.1 of the Revenue and Taxation Code, to an entity of local government pursuant to the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code).*

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order that the flow of revenue from vehicle license fees to cities, counties, and cities and counties is not interrupted it is necessary that this act take effect immediately.

~~Taxation Code is amended to read:~~

~~24410. (a) Dividends received by a corporation commercially domiciled in California, during the income year from an insurance company subject to tax imposed by Part 7 (commencing with Section 12001) at the time of the payment of the dividends and at least 80 percent of each class of its stock then being owned by the corporation receiving the dividend.~~

~~(b) The deduction under this section is limited to that portion of the dividends received which are determined to be paid from income from California sources determined pursuant to subdivision (c).~~

~~(c) Dividends paid from California sources shall be determined by multiplying the amount of the dividends by an apportionment factor equal to the ratio of gross income from California sources to all gross income of the~~

~~company. Gross income from California sources equals total gross income less dividends from other insurance companies multiplied by the average of the following three factors:~~

~~(1) A gross receipts factor, the denominator of which includes all receipts, other than dividends from another insurance company, regardless of the nature or source from which derived; and the numerator of which includes all gross receipts, other than dividends from another insurance company, derived from or attributable to this state. With respect to premiums, only receipts that were subject to tax under Part 7 (commencing with Section 12001) of this division, shall be included in the numerator, and with respect to income from intangibles they shall be attributable to the commercial domicile of the insurance company.~~

~~(2) A payroll factor determined under the provisions of the Uniform Division of Income for Purposes of Taxation Act (Article 2 (commencing with Section 25120) of Chapter 17).~~

~~(3) A property factor, determined under the provisions of the Uniform Division of Income for Tax Purposes Act provided for in Article 2 (commencing with Section 25120) of Chapter 17 of this part, provided that for the purposes of this paragraph the property factor shall include all intangible investment property, which intangible property shall be allocated to the commercial domicile of the insurance company.~~

~~(4) Plus the portion of the dividends received from another insurance company determined to be paid from California source income pursuant to the formula set forth in paragraphs (1) to (3), inclusive, based upon the receipts, payroll and property of the other insurance company.~~

~~(d) The insurance company from which the dividends are received shall furnish that information as the Franchise Tax Board may require to determine the allocation formula and the Franchise Tax Board may adopt such regulations as it deems necessary to effectuate the purpose of this section.~~

1 ~~(c) Nothing in this section shall be construed to limit~~
2 ~~or affect in any manner any other provisions of this part.~~

3 ~~SEC. 2. The heading of Article 2 (commencing with~~
4 ~~Section 25120) of Chapter 17 of Part 11 of Division 2 of the~~
5 ~~Revenue and Taxation Code is amended to read:~~

6
7 ~~Article 2. Uniform Division of Income for Purposes of~~
8 ~~Taxation Act~~

9
10 ~~SEC. 3. Section 25139 of the Revenue and Taxation~~
11 ~~Code is amended to read:~~

12 ~~25139. This article may be cited as the Uniform~~
13 ~~Division of Income for Purposes of Taxation Act.~~

